

CITY OF GRANITE CITY, ILLINOIS

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

APRIL 30, 2008

Prepared By:
Scott Oney – Comptroller
City of Granite City, Illinois

CITY OF GRANITE CITY, ILLINOIS
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Hughes & Associates

Certified Public Accountants, P.C.

1321 D'Adrian Professional Park
Godfrey, IL 62035

618-466-6278
Fax 618-466-8663

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
City Council of the City of
Granite City, Illinois

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Granite City, Illinois as of and for the year ended April 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Granite City, Illinois' management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Granite City, Illinois as of April 30, 2008, and the respective changes in financial position, and, where applicable, cash flows, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis, budgetary comparison information and schedules of funding progress and employer contributions are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Granite City's basic financial statements. The combining nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respect, in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Hughes & Associates, CPA, P.C.

Hughes & Associates, CPA, P.C.
Godfrey, Illinois
October 31, 2008

CITY OF GRANITE CITY, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

This section of the City of Granite City's annual financial report presents our discussion and analysis of the City's financial performance during the fiscal year ended April 30, 2008. Please read it in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The assets of the City of Granite City exceeded its liabilities at the close of the most recent fiscal year by \$38 million. Of this amount, \$10.7 million is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditor's.
- The City's total net assets increased by \$1.3 million.
- At the close of the current fiscal year, the City of Granite City's governmental funds reported combined ending fund balances of \$13,488,087. Approximately \$9.9 million is available for spending at the City's discretion.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$6,854,150 or 31% of total general fund expenditures.
- In the City's business-type activities, revenues exceeded expenses and net assets increased by \$120,138.
- The City continued land acquisition and engineering work to the Pontoon Road overpass project.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts: 1) management's discussion and analysis (this section), 2) the basic financial statements, 3) required supplementary information, and 4) an optional section that presents combining statements for nonmajor governmental funds and other information helpful in understanding the finances of the City of Granite City.

The first two statements in the report are government-wide financial statements that provide both long-term and short-term information about the City's overall financial status. The remaining statements are fund financial statements that focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements.

The government-wide financial statements distinguish functions of the City of Granite City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-like activities). The governmental activities include general government, public safety and public works. The business-type activities are comprised of the wastewater treatment plant fund.

The government-wide financial statements can be found on pages 6 and 7 of this report.

Fund financial statements focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements. Types of funds include governmental, proprietary and fiduciary.

Governmental fund statements tell how general government services like public safety were financed in the short term as well as what remains for future spending. The City of Granite City maintains seven individual governmental funds; three are considered to be major funds: the general fund, the motor fuel tax fund and the TIF (tax increment financing) fund. Information on major funds is presented separately; data from the other four funds is combined and included in "Other Governmental Funds". Governmental fund statements can be found on pages 8 and 10 of this report. Individual data for the "other governmental funds" is provided in the form of combining statements on pages 42 and 43 of this report.

Proprietary fund statements offer short and long-term financial information about the activities the City operates like businesses. For the City of Granite City, the wastewater treatment plant fund is the proprietary fund. The basic financial statements for this fund can be found on pages 12 to 14 of this report.

CITY OF GRANITE CITY, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

Fiduciary fund statements provide information about the financial relationships in which the City acts solely as a trustee or agent for the benefit of others, such as the police and firemen pension funds. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's programs. The basic fiduciary fund statements can be found on pages 15 and 16 of this report.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net Assets

Over time, net assets may serve as a useful indicator of a government's financial position. At April 30, 2008, the City of Granite City's assets exceeded liabilities (net assets) by \$38 million.

Approximately 71% of the City of Granite City's net assets reflect its investment in capital assets (e.g., land, building, machinery, and equipment), less any related debt that is still outstanding. The City of Granite City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Granite City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Granite City's net assets (12 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets may be used to meet the government's ongoing obligations to citizens and creditors.

City of Granite City's Net Assets

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Current and Other Assets	\$ 20,990,334	\$ 21,186,974	\$ 7,998,958	\$ 8,082,272
Capital Assets	19,781,150	15,432,472	12,856,726	13,116,115
Total Assets	<u>40,771,484</u>	<u>36,619,446</u>	<u>20,855,684</u>	<u>21,198,387</u>
Long-Term Liabilities Outstanding	7,941,544	6,106,403	4,325,198	4,723,560
Other Liabilities	10,377,196	9,195,486	957,965	1,022,444
Total Liabilities	<u>18,318,740</u>	<u>15,301,889</u>	<u>5,283,163</u>	<u>5,746,004</u>
Net Assets:				
Invested in Capital Assets, Net				
of Related Debt	18,900,995	14,507,032	8,137,157	8,235,314
Restricted	4,583,069	5,316,229	-	-
Unrestricted	(1,031,320)	1,494,296	7,435,364	7,217,069
Total Net Assets	<u>\$ 22,452,744</u>	<u>\$ 21,317,557</u>	<u>\$ 15,572,521</u>	<u>\$ 15,452,383</u>

At the end of the current fiscal year, the City of Granite City was able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

CITY OF GRANITE CITY, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

Changes in Net Assets

Governmental activities increased the City of Granite City's net assets by \$1,135,188. Revenues and transfers in the governmental activities were \$31,458,645 with the largest amounts coming from property taxes (\$8,053,291); sales and use taxes (\$3,696,358) and home rule sales tax (\$2,659,118). Total expenditures in the governmental activities were \$30,323,457, with the largest percentage being spent on public safety (\$15,551,127). The business-type activities had an increase of \$120,138. This represents expenditures over revenues in the wastewater treatment plant fund. Operating revenues increased by \$108,277 to \$5,956,653 with operating expenses increasing by \$183,015 to \$6,204,563.

A breakdown of the governmental activities revenues is as follows:

	<u>2008</u>	<u>2007</u>
Property Tax	\$ 8,053,291	\$ 7,389,073
Sales and Use Tax	3,696,358	3,936,295
Home Rule Sales Tax	2,659,118	2,805,715
Operating Grants and Contributions	1,287,388	1,133,018
Charges for Services	3,030,988	2,640,652
Replacement Tax	3,163,307	2,773,554
State Income Tax	2,949,066	2,699,725
Capital Grants and Contributions	3,956,807	5,334,722
Motor Fuel Tax	873,853	908,277
Telecommunications Tax	885,134	840,465
Miscellaneous	479,575	881,313
Investment Earnings	409,306	554,276
Other State and Local Taxes	14,454	13,212
	<u>\$ 31,458,645</u>	<u>\$ 31,910,297</u>

The following is a breakdown of the governmental activities expenses:

	<u>2008</u>	<u>2007</u>
General Government	\$ 5,588,709	\$ 6,518,048
Public Safety	15,551,127	14,372,598
Public Works	9,148,140	6,134,327
Interest on Long-Term Debt	35,481	37,074
	<u>\$ 30,323,457</u>	<u>\$ 27,062,047</u>

FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS

As of the end of the current fiscal year, the City of Granite City's governmental funds reported combined ending fund balances of \$13,488,087, a decrease of \$1,068,195 in comparison with the prior year. The City again spent a significant amount of money for land purchases and engineering work related to the Pontoon Road overpass and Niedringhaus streetscape projects during fiscal year 2008. These improvements are being reimbursed with monies from the State that is being deposited into the motor fuel tax fund.

The general fund is the chief operating fund of the City of Granite City. For the year ended April 30, 2008, the City's general fund had an increase in fund balance of \$220,802. At the end of the current fiscal year, unreserved fund balance in the general fund was \$6,854,150, representing 31 percent of total general fund expenditures. This is essentially the same as the approximately 30 percent in the prior year.

CITY OF GRANITE CITY, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund spent approximately \$22,014,334 in fiscal year 2008 under the budgetary basis of accounting. This amount was less than the City's budgeted expenses of approximately \$22,399,314. In addition, current year receipts were approximately \$22,811,977, which exceeded the budgeted amounts by \$272,765. This resulted in a surplus of \$797,643 in the General Fund using the budgetary basis of accounting.

CAPITAL ASSETS

The City of Granite City's investment in capital assets for its governmental and business-type activities as of April 30, 2008 amounts to \$27,038,152 (net of related debt and accumulated depreciation). This investment in capital assets included land, buildings and system improvements, and machinery and equipment.

Major capital asset events during the current fiscal year included the following:

Pontoon Road Overpass	\$ 2,386,184
Emergency Generators	99,135
Vehicles	165,398
Niedringhaus Streetscape	1,294,438
Ambulance	97,500
Dump Truck	88,392
Youth Building	219,074
Video Surveillance	161,862
Rebuilding BOD	203,651
Other Additions	<u>869,471</u>
Total	<u>\$ 5,585,105</u>

LONG-TERM DEBT

The City paid \$382,054 of principal on the sewer departments IEPA during the year. The balance in the two loans was \$4,498,748 at April 30, 2008.

During the current fiscal year the city borrowed \$201,442 through lease purchase transactions to finance the acquisition of departmental vehicles and street department equipment.

The City also paid down \$246,727 of principal on various smaller debt obligations. The balance in these obligations, including the current year lease purchases, was \$880,155 at April 30, 2008.

The City's unfunded police and fire pension obligations increased \$1,651,948 during the year ended April 30, 2008.

In addition, the City's obligation for compensated employee absences increased \$20,984 in the sewer funds and \$539,168 in the general funds.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Granite City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Comptroller's Office, 2000 Edison Avenue, Granite City, IL 62040.

CITY OF GRANITE CITY, ILLINOIS
STATEMENT OF NET ASSETS
APRIL 30, 2008

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 867,256	\$ 941,450	\$ 1,808,706
Certificates of Deposit	2,468,500	2,468,500	4,937,000
Investments	3,205,870	3,205,869	6,411,739
Receivables (Net of Allowance for Uncollectibles)	12,803,087	1,344,361	14,147,448
Internal Advances to Other Funds	164,259	-	164,259
Prepaid Expenses and Deposits	311,433	38,778	350,211
Total Current Assets	<u>19,820,405</u>	<u>7,998,958</u>	<u>27,819,363</u>
Noncurrent Assets:			
General Real Estate Investment	1,169,929	-	1,169,929
Capital Assets (Net of Accumulated Depreciation)	19,781,150	12,856,725	32,637,875
Total Noncurrent Assets	<u>20,951,079</u>	<u>12,856,725</u>	<u>33,807,804</u>
Total Assets	<u>40,771,484</u>	<u>20,855,683</u>	<u>61,627,167</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	1,143,111	363,998	1,507,109
Accrued Employee Obligations	686,505	-	686,505
Accrued Vacation Leave	545,938	94,589	640,527
Accrued Interest Payable	14,093	31,044	45,137
Due to Other Funds	90,299	73,960	164,259
Other Accrued Obligations	2,760	-	2,760
Deferred Real Estate Taxes	7,651,121	-	7,651,121
Notes Payable - Current Portion	243,369	394,371	637,740
Total Current Liabilities	<u>10,377,196</u>	<u>957,962</u>	<u>11,335,158</u>
Noncurrent Liabilities:			
Notes Payable - Noncurrent Portion	636,786	4,104,377	4,741,163
Accrued Sick Leave	2,081,346	220,823	2,302,169
Net Pension Obligation	5,223,412	-	5,223,412
Total Noncurrent Liabilities	<u>7,941,544</u>	<u>4,325,200</u>	<u>12,266,744</u>
Total Liabilities	<u>18,318,740</u>	<u>5,283,162</u>	<u>23,601,902</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	18,900,995	8,137,157	27,038,152
Reserved for:			
Prepaid Insurance	311,433	-	311,433
Unrestricted:			
Undesignated	(3,082,188)	7,435,364	4,353,176
Designated for Redevelopment	4,271,636	-	4,271,636
Unrestricted, Reported in:			
Special Revenue Funds	2,072,628	-	2,072,628
Capital Projects Funds	(21,760)	-	(21,760)
Total Net Assets	<u>\$ 22,452,744</u>	<u>\$ 15,572,521</u>	<u>\$ 38,025,265</u>

See accompanying notes to the basic financial statements.

CITY OF GRANT CITY, ILLINOIS
STATEMENT OF ACTIVITIES
YEAR ENDED APRIL 30, 2008

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities
Governmental Activities:						
General Government	\$ 5,588,709	\$ 1,015,837	\$ 950,378	\$ 40,874	\$ (3,581,620)	\$ -
Public Safety	15,551,127	1,585,644	337,010	-	(13,628,473)	-
Public Works	9,148,140	429,507	-	3,915,933	(4,802,700)	-
Interest on Long-Term Debt	35,481	-	-	-	(35,481)	-
Total Governmental Activities	30,323,457	3,030,988	1,287,388	3,956,807	(22,048,274)	-
Business-Type Activities:						
Wastewater	6,204,563	5,956,653	-	-	-	(247,910)
Total Business-Type Activities	6,204,563	5,956,653	-	-	-	(247,910)
Total	\$ 36,528,020	\$ 8,987,641	\$ 1,287,388	\$ 3,956,807	(22,048,274)	(22,296,184)
General Revenues:						
Property Tax, Levied for General Purposes					8,053,291	-
Home Rule Sales Tax					2,659,118	-
Sales and Use Tax					3,696,358	-
Replacement Tax					3,163,307	-
State Income Tax					2,949,066	-
Motor Fuel Tax					873,853	-
Telecommunications Tax					885,134	-
Other State and Local Taxes					14,454	-
Investment Earnings					409,306	368,048
Miscellaneous					479,575	-
Total General Revenues and Transfers					23,183,462	368,048
Change in Net Assets					1,135,188	120,138
Net Assets - Beginning					21,317,556	15,452,383
Net Assets - Ending					\$ 22,452,744	\$ 15,572,521
						\$ 38,025,265

See accompanying notes to the basic financial statements.

CITY OF GRANITE CITY, ILLINOIS
BALANCE SHEET - GOVERNMENTAL FUNDS
APRIL 30, 2008

	<u>General</u> <u>Fund</u>	<u>Motor</u> <u>Fuel Tax</u> <u>Fund</u>	<u>Tax Increment</u> <u>Financing</u> <u>Fund</u>	<u>Other</u> <u>Governmental</u> <u>Funds</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 232,959	\$ 464,840	\$ 74,235	\$ 95,222	\$ 867,256
Certificates of Deposit	1,768,500	-	700,000	-	2,468,500
Investments	3,205,870	-	-	-	3,205,870
Receivables (Net of Allowances for Uncollectibles):					
Property Taxes	4,135,266	-	3,515,853	-	7,651,119
Intergovernmental	2,525,370	1,976,304	70,030	29,772	4,601,476
Other	526,554	1,575	22,363	-	550,492
Due from Other Funds	151,015	-	2,760	10,484	164,259
Prepaid Expenses and Deposits	311,433	-	-	-	311,433
Rental Real Estate Investment	-	-	2,667,631	-	2,667,631
General Real Estate Investment	-	-	1,169,929	-	1,169,929
Total Assets	<u>12,856,967</u>	<u>2,442,719</u>	<u>8,222,801</u>	<u>135,478</u>	<u>23,657,965</u>
LIABILITIES AND FUND EQUITY					
Liabilities:					
Accounts Payable	273,529	448,551	417,312	3,719	1,143,111
Accrued Employee Obligations	686,505	-	-	-	686,505
Due to Other Funds	-	-	15,240	75,059	90,299
Other Accrued Obligations	-	-	2,760	-	2,760
Deferred Revenue	4,731,350	-	3,515,853	-	8,247,203
Total Liabilities	<u>5,691,384</u>	<u>448,551</u>	<u>3,951,165</u>	<u>78,778</u>	<u>10,169,878</u>
Fund Equity:					
Reserved for:					
Prepaid Insurance	311,433	-	-	-	311,433
Unreserved:					
Undesignated	6,854,150	-	-	-	6,854,150
Designated for Redevelopment	-	-	4,271,636	-	4,271,636
Unreserved, Reported in:					
Special Revenue Funds	-	1,994,168	-	78,460	2,072,628
Capital Projects Funds	-	-	-	(21,760)	(21,760)
Total Fund Equity	<u>7,165,583</u>	<u>1,994,168</u>	<u>4,271,636</u>	<u>56,700</u>	<u>13,488,087</u>
Total Liabilities and Fund Equity	<u>\$ 12,856,967</u>	<u>\$ 2,442,719</u>	<u>\$ 8,222,801</u>	<u>\$ 135,478</u>	<u>\$ 23,657,965</u>

See accompanying notes to the basic financial statements.

CITY OF GRANITE CITY, ILLINOIS
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO STATEMENT OF NET ASSETS
YEAR ENDED APRIL 30, 2008

Amounts reported for governmental fund balances are different because:

Fund Balances - total governmental funds	\$ 13,488,087
Capital assets used in governmental activities are not financial resources and, therefore, are not reported on the balance sheet of the governmental funds.	19,781,150
Rental Real Estate Investments are recorded as capital assets and depreciated and not maintained as investment real estate.	(2,667,631)
The amount of compensated absences is not recorded as a liability on the balance sheet of the governmental funds.	(2,627,284)
Long-term debt (e.g., bonds, notes payable, capital leases) is not reported as a liability on the balance sheet of the governmental funds.	(880,155)
Net pension obligations are not reported as a liability on the balance sheet of the governmental funds.	(5,223,412)
Accrued interest payable on the long-term debt is not reported as a liability on the balance sheet of the governmental funds.	(14,093)
The governmental funds report deferred revenue when reported assets are not available to pay current liabilities. The statement of activities eliminates deferred revenue related to state and local sales taxes.	<u>596,082</u>
Net assets of governmental activities	<u><u>\$ 22,452,744</u></u>

See accompanying notes to the basic financial statements.

CITY OF GRANITE CITY, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
YEAR ENDED APRIL 30, 2008

	<u>General</u> <u>Fund</u>	<u>Motor</u> <u>Fuel Tax</u> <u>Fund</u>	<u>Tax Increment</u> <u>Financing</u> <u>Fund</u>	<u>Other</u> <u>Governmental</u> <u>Funds</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
Revenues:					
Property Taxes	\$ 4,652,024	\$ -	\$ 3,401,267	\$ -	\$ 8,053,291
Intergovernmental:					
Home Rule Sales Tax	2,672,017	-	-	-	2,672,017
Sales and Use Tax	3,578,492	-	163,542	-	3,742,034
Replacement Tax	3,163,307	-	-	-	3,163,307
State Income Tax	2,949,066	-	-	-	2,949,066
Motor Fuel Tax	-	873,853	-	-	873,853
Telecommunications Tax	884,895	-	-	-	884,895
Grants	577,219	3,915,933	-	693,903	5,187,055
Other	140,610	-	-	-	140,610
Other Local Taxes	14,454	-	-	-	14,454
Licenses and Permits	661,410	-	-	-	661,410
Charges for Services	2,025,831	-	-	-	2,025,831
Fines and Forfeits	137,598	-	-	65,539	203,137
Investment Earnings	294,673	50,987	60,603	3,043	409,306
Miscellaneous	280,033	-	352,575	6,160	638,768
Total Revenues	<u>22,031,629</u>	<u>4,840,773</u>	<u>3,977,987</u>	<u>768,645</u>	<u>31,619,034</u>
Expenditures:					
Current:					
General Government	3,182,740	-	2,682,127	-	5,864,867
Public Safety	13,369,932	-	-	439,538	13,809,470
Public Works	5,008,596	732,181	354,353	298,831	6,393,961
Debt Service:					
Principal	-	-	-	246,727	246,727
Interest	-	-	-	37,214	37,214
Capital Outlay	252,958	4,728,039	1,555,435	-	6,536,432
Total Expenditures	<u>21,814,226</u>	<u>5,460,220</u>	<u>4,591,915</u>	<u>1,022,310</u>	<u>32,888,671</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>217,403</u>	<u>(619,447)</u>	<u>(613,928)</u>	<u>(253,665)</u>	<u>(1,269,637)</u>
Other Financing Sources (Uses):					
Proceeds From Borrowings	201,442	-	-	-	201,442
Operating Transfers In (Out)	(198,043)	-	(85,898)	283,941	-
Total Other Financing Sources (Uses)	<u>3,399</u>	<u>-</u>	<u>(85,898)</u>	<u>283,941</u>	<u>201,442</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>220,802</u>	<u>(619,447)</u>	<u>(699,826)</u>	<u>30,276</u>	<u>(1,068,195)</u>
Fund Balance - Beginning	<u>6,944,781</u>	<u>2,613,615</u>	<u>4,971,462</u>	<u>26,424</u>	<u>14,556,282</u>
Fund Balance - Ending	<u>\$ 7,165,583</u>	<u>\$ 1,994,168</u>	<u>\$ 4,271,636</u>	<u>\$ 56,700</u>	<u>\$ 13,488,087</u>

See accompanying notes to the basic financial statements.

CITY OF GRANITE CITY, ILLINOIS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED APRIL 30, 2008

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ (1,068,195)
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Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of capital assets for which funds were expended this year.	5,193,183
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Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net assets, but they do not require the use of current financial resources. Therefore depreciation expense is not reported as an expenditure in the governmental funds.	(685,312)
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The amount of compensated absences is not recorded as expense in the fund financial statements. In the statement of activities, these amounts are included and recorded currently in the various functional expense categories. This amount is the difference between beginning and ending compensated absences balance that has been included in the statement of activities.	(539,168)
--	-----------

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transactions, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt.	47,018
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Net pension obligations are reported in the government-wide statement of activities and changes in net assets, but do not require the use of current financial resources; therefore, net pension obligations are not reported as expenditures in governmental funds. This is the change in the net pension obligation between years.	(1,651,948)
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Capital assets disposed of during the year are reported on the government-wide statement of activities and changes in net assets, but their disposal does not required the use of current financial resources. Therefore, the cost of the item disposed of is not reported in the governmental funds.	(159,193)
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The governmental funds report deferred revenue when reported assets are not available to pay current liabilities. The statement of activities eliminates deferred revenue related to state and local sales taxes. This is the difference of deferred revenue for the sales and use tax from the beginning and end of the year.	(1,197)
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Change in net assets of governmental activities	<u>\$ 1,135,188</u>
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See accompanying notes to the basic financial statements.

CITY OF GRANITE CITY, ILLINOIS
STATEMENT OF NET ASSETS
PROPRIETARY FUND TYPES
APRIL 30, 2008

	<u>Business Type</u> <u>Activities</u>
	<u>Enterprise Fund</u> <u>Wastewater</u>
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 941,450
Certificates of Deposit	2,468,500
Investments	3,205,869
Accounts Receivable (Net of Allowance for Uncollectibles)	1,322,121
Interest Receivable	22,240
Prepaid Expenses	38,778
Total Current Assets	<u>7,998,958</u>
Noncurrent Assets:	
Capital Assets:	
Building and Improvements	1,756,056
Treatment Facility and Lines	29,602,562
Vehicles and Equipment	<u>2,586,583</u>
	33,945,201
Less Accumulated Depreciation	<u>(21,088,476)</u>
Net Capital Assets	<u>12,856,725</u>
Total Assets	<u><u>20,855,683</u></u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	363,998
Accrued Vacation Leave	94,589
Due to Other Funds	73,960
Accrued Interest	31,044
Notes Payable	394,371
Total Current Liabilities	<u>957,962</u>
Noncurrent Liabilities:	
Accrued Sick Leave	220,823
Notes Payable	4,104,377
Total Noncurrent Liabilities	<u>4,325,200</u>
Total Liabilities	<u>5,283,162</u>
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	8,137,157
Unrestricted	7,435,364
Total Net Assets	<u><u>\$ 15,572,521</u></u>

See accompanying notes to the basic financial statements.

CITY OF GRANITE CITY, ILLINOIS
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
PROPRIETARY FUND TYPES
FOR THE FISCAL YEAR ENDED APRIL 30, 2008

	<u>Business Type</u> <u>Activities</u>
	<u>Enterprise Fund</u> <u>Wastewater</u>
Operating Revenues:	
Charges for Services	\$ 5,956,653
Total Operating Revenues	<u>5,956,653</u>
Operating Expenses:	
Personal Services	2,453,937
Industrial Pretreatment	84,836
Billings and Collection	110,436
Sewer Collection	1,235,861
Solids Handling	664,367
BOD Treatment	323,943
Primary Treatment	10,236
General and Administration	183,445
Dry Weather Pumping	201,197
Wet Weather Pumping	119,115
Other	35,570
Depreciation	651,312
Total Operating Expenses	<u>6,074,255</u>
Operating Income (Loss)	<u>(117,602)</u>
Non-Operating Revenues (Expenses)	
Investment Earnings	368,048
Interest Expense and Fiscal Charges	(130,308)
Total Non-Operating Revenues (Expenses)	<u>237,740</u>
Change in Net Assets	120,138
Net Assets - Beginning	<u>15,452,383</u>
Net Assets - Ending	<u>\$ 15,572,521</u>

See accompanying notes to the basic financial statements.

CITY OF GRANITE CITY, ILLINOIS
STATEMENT OF CASH FLOWS -
PROPRIETARY FUND TYPES
FOR THE FISCAL YEAR ENDED APRIL 30, 2008

	<u>Business Type</u> <u>Activities</u>
	<u>Enterprise Fund</u> <u>Wastewater</u>
Cash Flows From Operating Activities:	
Cash Received from Users	\$ 5,757,946
Cash Paid to Suppliers for Goods and Services	(3,073,798)
Cash Paid to Employees for Services	(2,422,952)
Net Cash Provided By Operating Activities	<u>261,196</u>
Cash Flows From Capital and Related Financing Activities:	
Acquisition and Construction of Capital Assets	(391,922)
Principal Paid on Borrowings	(382,055)
Interest Paid on Borrowings	(133,362)
Net Cash (Used) by Capital and Related Financing Activities	<u>(907,339)</u>
Cash Flows From Investing Activities:	
Acquisition of Investments	(2,798,369)
Investment Earnings	371,605
Net Cash Provided By Investing Activities	<u>(2,426,764)</u>
Net Increase In Cash and Equivalents	(3,072,907)
Cash and Equivalents - Beginning	<u>4,014,357</u>
Cash and Equivalents - Ending	<u>\$ 941,450</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income (Loss)	\$ (117,602)
Adjustments to Reconcile Operating Income to Net Cash Provided By Operating Activities:	
Depreciation	651,311
Change in Assets and Liabilities:	
(Increase) in Accounts Receivable	(198,707)
Decrease in Prepaid Expenses	3,925
Decrease in Accounts Payable	(178,650)
Increase in Other Liabilities	<u>100,919</u>
Net Cash Provided By Operating Activities	<u>\$ 261,196</u>

See accompanying notes to the basic financial statements.

CITY OF GRANITE CITY, ILLINOIS
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS - PENSION TRUST FUNDS
APRIL 30, 2008

ASSETS

Cash and Cash Equivalents	\$ 2,082,308
Investments	31,987,697
Receivables:	
Property Taxes	714,500
Accrued Interest	<u>159,494</u>
Total Assets	<u>34,943,999</u>

LIABILITIES

Liabilities	<u>-</u>
Total Liabilities	<u>-</u>

NET ASSETS

Held in Trust for Pension Benefits and Other Purposes	<u><u>\$ 34,943,999</u></u>
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See accompanying notes to the basic financial statements.

CITY OF GRANITE CITY, ILLINOIS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS - PENSION TRUST FUNDS
APRIL 30, 2008

Additions:

Investment Earnings:

Investment Earnings	\$ 1,709,127
Less: Investment Expense	<u>(114,539)</u>
Net Investment Earnings	1,594,588

Property Taxes	709,417
Replacement Taxes	865,956
Employee Contributions	<u>652,527</u>
Total Additions	<u>3,822,488</u>

Deductions:

Benefit Payments	4,106,874
Contractual Services	<u>34,395</u>
Total Deductions	<u>4,141,269</u>

Change in Net Assets	(318,781)
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Net Assets - Beginning	<u>35,262,780</u>
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Net Assets - Ending	<u><u>\$ 34,943,999</u></u>
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See accompanying notes to the basic financial statements.

CITY OF GRANITE CITY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2008

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

The City of Granite City, Illinois (the City) was incorporated March 9, 1896 under the provisions of "an act to provide for the incorporation of cities and villages". The City is a Home Rule Unit under the provision of Article 7 of the Illinois Constitution of 1970. The City operates under the aldermanic-city form of government and provides the following services as authorized by its charter: public improvements, planning and zoning, wastewater treatment and general administrative services.

The financial statements of the City of Granite City (government) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

A. Financial Reporting Entity

The City's financial statements include the accounts of all City operations. The criteria for including organizations as component units within the City's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- The organization is legally separate (can sue and be sued in their own name)
- The City holds the corporate powers of the organization
- The City appoints a voting majority of the organization's board
- The City is able to impose its will on the organization
- The organization has the potential to impose a financial benefit/burden on the City
- There is fiscal dependency by the organization on the City

Based on the aforementioned criteria, the City has no component units.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

CITY OF GRANITE CITY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2008

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-Wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government generally considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

Property taxes, intergovernmental taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized, when applicable, as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the government receives cash.

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Motor Fuel Tax Fund accounts for the taxes and reimbursements received and amounts paid related to motor fuel tax expenses.

The Tax Increment Financing Fund accounts for incremental taxes and other revenues as well as all expenses related to improvements and promotional costs related to the tax increment financing areas.

The government reports the following major proprietary fund:

The Wastewater Treatment Plant Enterprise Fund accounts for all activities related to the billing, administration, and distribution and collection processes of the wastewater treatment plant. The City operates the sewage treatment plant, sewage pumping stations and collection systems.

Additionally, the government reports the following fund type:

The Pension Trust Funds account for the activities of the police and firemen's pension funds, which accumulate resources for pension benefit payments to qualified public safety employees.

CITY OF GRANITE CITY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2008

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are reimbursements between funds for direct costs applicable to the other fund. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contribution, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise fund are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap on fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Assets, Liabilities and Net Assets or Equity

Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, certificates of deposits and short-term investments with original maturities of three months or less. Short-term cash surpluses are generally maintained in sweep accounts in the individual funds.

The City is authorized by state statute to invest in obligations of the United States of America, insured interest bearing accounts of banks, savings and loan association or credit unions, certain short-term obligations of corporations organized in the United States, money market mutual funds that invest in obligations of the United State of America or its agencies or are guaranteed by the full faith and credit of the United States of America, the Illinois Funds and repurchase agreements of government securities. The Pension Trust Funds are also allowed to invest limited percentages of their monies in mutual funds and equity securities.

Fixed-income securities are recorded in all funds at fair value. Investment income is recognized as earned. Gains or losses on sales and exchanges of fixed-income securities are recognized on the transaction date.

Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal advances to other funds."

CITY OF GRANITE CITY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2008

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (continued)

All intergovernmental and property tax receivables are shown net of an allowance for uncollectible amounts. All accounts receivable related to the enterprise fund are shown at net of an allowance for uncollectible accounts based on managements estimate of collectibility.

Unbilled sewer utility receivables related to the business-type activities are recorded at year-end. They are determined by taking cycle billings subsequent to April 30 and prorating the applicable number of days to the current fiscal year.

The City levied its property taxes in December 2007, based upon the expected assessed valuation as of the January 1, 2008. Property taxes are due in two installments in the following year, usually in June and August, and are considered delinquent after the due dates. Property taxes for 2007 become an enforceable lien in January 2008. The County has not mailed tax bills as of April 30, 2008 and past mailing practices of the County have generally been subsequent to April 30 of each year. The City receives significant distributions of tax receipts beginning in late June or early July of each year.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Investment in Real Estate

Through the use of tax increment financing, the City has purchased several parcels of land to be held for resale to developers or individuals in an effort to create future economic growth within the tax increment financing areas of the City.

In addition, the City has certain parcels of improved and unimproved real estate, which are rented to businesses within the tax increment financing areas.

Capital Assets

Capital assets, which include property, buildings, equipment and vehicles, are reported in the applicable governmental-type or business-type activities columns in the government-wide financial statements. The government defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost and estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects when constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the City are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	20 - 75
Treatment Facility	20 - 50
Equipment	5 - 18
Vehicles	5 - 10

CITY OF GRANITE CITY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2008

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Compensated Absences

Under terms of the various City ordinances and negotiated contracts, City employees are granted vacation based on continuous employment service. Employee vacations vest as of their anniversary date. Employees are entitled to sick leave based on completed months of service. The City's policies and negotiated contract provisions regarding sick leave permit employees to accumulate a maximum accumulation of sick leave, usually ninety days. The City cancels accumulated sick leave on the date of employee termination except in the case of qualified retirement or employee death wherein 50% of the accumulated sick leave is paid.

At April 30, 2008, the City estimated that the accumulated liability for unused vacation and sick leave for governmental fund employees totaled \$545,938 and \$2,081,346, respectively. Amounts reflected in the financial statements at April 30, 2008 for enterprise fund employees related to unused vacation and sick leave benefits totaled \$94,589 and \$220,823, respectively.

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. The City's policy is to first apply restricted resources and then unrestricted resources as expenses are incurred.

The following are descriptions and amounts of all reserves and designations recorded by the City in the fund financial statements:

Governmental Funds

Reserved for Prepaid Insurance	\$ 311,433
Designated for Development	\$ 4,271,636

Fiduciary Funds

Reserved for Employees' Pension Benefits	\$ 34,943,999
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Estimates

Management uses estimates and assumptions in preparing these financial statements in accordance with accounting principles generally accepted in the United States of America. These estimates and assumptions affect the reported amounts of assets and liabilities and the reported revenues and expenditures. Actual results could vary from estimates that were used.

CITY OF GRANITE CITY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2008

NOTE 2. BUDGETARY AND LEGAL COMPLIANCE

Each year the City Comptroller submits to the City Council a proposed operating budget for the General Fund and the Capital Projects Fund for the fiscal year commencing May 1. The operating budgets include proposed expenditures and the means of financing them. The budgets are legally enacted by ordinance after public hearings are held to obtain taxpayer comments. Annual budgets for Special Revenue Funds are not formally adopted by ordinance at the beginning of the fiscal year, but are approved throughout the fiscal year by formal resolution of the City Council or by City Council approval for the payment of expenditures. Operations in these funds are controlled by project budgets.

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- Prior to May 15, the City Comptroller submits to the City Council a proposed operating budget for the General Fund and the Capital Projects Fund for the Fiscal year commencing May 1. The operating budget includes proposed expenditures and the means of financing them.
- A public hearing is conducted to obtain taxpayer comments.
- Prior to August 1, the budget is legally enacted through passage of an ordinance.
- The City Comptroller is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council.
- Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds and the Capital Projects Fund. Formal budgetary integration is not employed for the Debt Service Fund because effective budgetary control is alternatively achieved through general obligation bond indenture provisions.
- Budgets for all funds are adopted on the cash basis. For financial statement presentation, budgeted amounts are also presented on the cash basis.

The major differences between the budgetary and GAAP basis of accounting are:

- Revenues are recorded when received in cash (budgetary) as opposed to when they are measurable and available (GAAP).
- Expenditures are recorded when paid or when a liability has been incurred which has been budgeted to be paid with expendable financial resources (budgetary), as opposed to when the obligation is incurred (GAAP).

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

General Government and Business-Like Activities

At April 30, 2008, the carrying amount of the City's deposits was \$7,246,402 and the bank balance was \$8,712,509. The deposits were comprised of checking, interest checking, savings, money market and certificates of deposit.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City requires that all deposits be fully covered by FDIC insurance or collateralized with investments held by the financial institution in the City's name.

CITY OF GRANITE CITY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2008

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

As of April 30, 2008 the City had the following investments:

<u>Investment</u>	<u>Weighted Average Maturity (Years)</u>	<u>Fair Value</u>
The Illinois Funds (external investment pool)	0.04	\$ 4,535,304
Federal National Mortgage Association	0.84	55,739
Federal Home Loan Bank	4.67	1,050,000
Federal Home Loan Mortgage Coporation	3.73	270,000
		<u>5,911,043</u>
Deposits as Reported Above		<u>7,246,402</u>
Total Deposits and Investments		<u>\$ 13,157,445</u>
As Reported in the Statement of Net Assets:		
Cash and Cash Equivalents		\$ 1,808,706
Certificates of Deposit		4,937,000
Investments		<u>6,411,739</u>
		<u>\$ 13,157,445</u>

Interest Rate Risk

The City's investment policy limits investment maturities in order to maintain sufficient liquidity to reflect the cash flow needs of the fund type being invested. The policy also requires diversification of the investment portfolio via length of maturity as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

As of April 30, 2008, the credit rating of the City's investment was as follows:

<u>Investment</u>	<u>Standard & Poor's Rating</u>	<u>Moody's Investors Service Rating</u>
The Illinois Funds (external investment pool)	AAAm	--
Federal National Mortgage Association	AAA	Aaa
Federal Home Loan Bank	AAA	Aaa

Concentration of Credit Risk

As of April 30, 2008, the City did not have a concentration of credit risk.

Foreign Currency Risk

As of April 30, 2008, the City did not have foreign currency risk.

Fire Pension Fund

At April 30, 2008, the carrying amount of the Fire Pension Fund's deposits was \$370,531 and the bank balance was \$374,427. The deposits were comprised of interest checking, money market and certificates of deposit.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the Fire Pension's deposits may not be returned to it. The Fire Pension requires that all deposits be fully covered by FDIC insurance or collateralized with investments held by the financial institution in the Fire Pension Fund's name.

CITY OF GRANITE CITY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2008

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

As of April 30, 2008, the City's Fire Pension Fund had the following investments:

<u>Investment</u>	<u>Weighted Average Maturity (Years)</u>	<u>Fair Value</u>
Federal Home Loan Bank	4.72	\$ 2,139,980
Federal Home Loan Mortgage Corporation	5.18	507,425
Federal National Mortgage Association	3.64	270,328
Government National Mortgage Association	22.93	4,042,168
U.S.V.A. REMIC	17.79	113,967
Federal Farm Credit Bank	8.11	645,715
Common Stock	--	6,964,966
Mutual Funds	--	3,196,331
		<u>17,880,880</u>
Deposits as Reported Above		<u>370,531</u>
Total Deposits and Investments		<u>\$ 18,251,411</u>

As Reported in the Combining Statement of Fiduciary Net Assets:

Cash and Cash Equivalents	\$ 1,569,637
Investments	<u>16,681,774</u>
	<u>\$ 18,251,411</u>

Interest Rate Risk

The Fire Pension Fund's investment policy limits investment maturities in order to maintain sufficient liquidity to reflect the cash flow needs of the fund type being invested. The policy also requires diversification of the investment portfolio via length of maturity as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

As of April 30, 2008, the Fire Pension Fund's investments credit ratings were as follows:

<u>Investment</u>	<u>Standard & Poor's Rating</u>	<u>Moody's Investors Service Rating</u>
Federal National Mortgage Association	AAA	Aaa
Government National Mortgage Association	Not Available	Not Available
U.S.V.A. REMIC	Not Available	Not Available

Concentration of Credit Risk

As of April 30, 2008, the Fire Pension Fund's investments are concentrated as follows:

<u>Investment</u>	<u>Percentage</u>
Government National Mortgage Association	22.15%
Federal Home Loan Bank	11.73%

Foreign Currency Risk

As of April 30, 2008, the Fire Pension Fund did not have foreign currency risk.

CITY OF GRANITE CITY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2008

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

Police Pension Fund

At April 30, 2008, the carrying amount of the Police Pension's deposits was \$448,135 and the bank balance was \$448,585. The deposits were comprised of checking and interest checking accounts.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the Police Pension Fund's deposits may not be returned to it. The Police Pension Fund requires that all deposits be fully covered by FDIC insurance or collateralized with investments held by the financial institution in the Police Pension Fund's name.

As of April 30, 2008, the Police Pension Fund had the following investments:

<u>Investment</u>	<u>Weighted Average Maturity (Years)</u>	<u>Fair Value</u>
U.S. Treasury Notes	4.04	\$ 318,796
U.S. Treasury Inflation Index Note	9.72	305,169
U.S. Treasury Strip	2.8	1,365,821
U.S. Treasury Bond	8.05	1,001,750
Federal National Mortgage Association	11.29	543,198
Federal Home Loan Bank	9.51	1,504,932
Federal Farm Credit Bank	5.42	531,450
Government National Mortgage Association	25.92	2,281,050
Cook County, IL School District #155 - Municipal Bond	2.59	261,983
Tennessee Valley Authority	4.88	277,408
Mutual Funds	--	6,978,902
		<u>15,370,459</u>
Deposits as Reported Above		<u>448,135</u>
Total Deposits and Investments		<u>\$ 15,818,594</u>
As Reported in the Combining Statement of Fiduciary Net Assets:		
Cash and Cash Equivalents		\$ 512,671
Investments		<u>15,305,923</u>
		<u>\$ 15,818,594</u>

Interest Rate Risk

The Police Pension Fund's investment policy limits investment maturities in order to maintain sufficient liquidity to reflect the cash flow needs of the fund type being invested. The policy also requires diversification of the investment portfolio via length of maturity as a means of managing its exposure to fair value losses arising from increasing interest rates.

CITY OF GRANITE CITY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2008

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

Credit Risk

As of April 30, 2008, the Police Pension Fund's investments credit ratings were as follows:

<u>Investment</u>	<u>Standard & Poor's Rating</u>	<u>Moody's Investors Service Rating</u>
The Illinois Funds (external investment pool)	AAAm	--
Cook County, IL School District #155 - Municipal Bond	--	Aaa
Federal National Mortgage Association	AAA	Aaa
Federal Home Loan Bank	AAA	Aaa
Federal Farm Credit Bank	AAA	Aaa
Governmental National Mortgage Association	Not Available	Not Available

Concentration of Credit Risk

As of April 30, 2008, the Police Pension Fund's investments are concentrated as follows:

<u>Investment</u>	<u>Percentage</u>
Government National Mortgage Association	14.42%
U.S. Treasury Strips	8.63%
Federal Home Loan Bank	9.51%
U.S. Treasury Notes	6.33%

Foreign Currency Risk

As of April 30, 2008, the Police Pension Fund did not have foreign currency risk.

NOTE 4. RECEIVABLES

Receivables as of April 30, 2008 for the City, as reported in the statement of net assets, including the applicable allowances for uncollectible accounts, are as follows:

Receivables:	
Sewer User Fees	\$ 1,397,528
Ambulance Fees	484,851
Real Estate Taxes	7,651,119
Intergovernmental	4,601,476
Other	87,881
Total Receivables	14,222,855
Allowance for Uncollectible Accounts	(75,407)
Net Total Receivables	<u>\$ 14,147,448</u>

Real estate taxes of \$7,651,121 were not available for collection and payment of current liabilities at April 30, 2008 and are reported as deferred revenues. The governmental financial statements reported an additional \$596,082 of intergovernmental revenue as deferred income at April 30, 2008.

NOTE 5. RISK MANAGEMENT

The City began a self-insured workers' compensation program in 2001 by which the City pays claims from general revenues up to a certain amount at which point the City carries excess coverage. The liability for claims experienced as of April 30, 2008 that are to be paid in the subsequent year is \$686,505 and is included in accrued employee obligations.

CITY OF GRANITE CITY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2008

NOTE 5. RISK MANAGEMENT (Continued)

The City is also exposed to various risks of loss related to torts; thefts of, damage to and destruction of assets; errors and omissions and natural disasters for which the City carries commercial insurance. There have been no significant reduction in coverage from the prior year and settlements have not exceeded coverage's in the past three years.

NOTE 6. RETIREMENT AND PENSION FUND COMMITMENTS

1. Illinois Municipal Retirement Fund

The City's defined benefit pension plan, Illinois Municipal Retirement (IMRF), provides retirement, disability, annual cost of living adjustments and death benefits to plan members and beneficiaries. IMRF acts as a common investment and administrative agent for local governments and school districts in Illinois. The Illinois Pension Code establishes the benefit provisions of the plan that can only be amended by the Illinois General Assembly.

IMRF issues a financial report that includes financial statements and required supplementary information. That report may be obtained at www.imrf.org/pubs/pubs_homepage.htm or by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

Employees participating in IMRF are required to contribute 4.50 percent of their annual covered salary. The member rate is established by state statute. The City is required to contribute at an actuarially determined rate. The City's rate for calendar year 2007 was 7.77 percent of payroll. The employer contribution requirements are established and may be amended by the IMRF Board of Trustees. IMRF's unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on a closed basis (overfunded liability amortized on open basis). The amortization period at December 31, 2007 was 25 years.

For December 31, 2007, the City's annual pension cost of \$423,432 was equal to the City's required and actual contributions. The required contribution was determined as part of the December 31, 2005 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.50 percent investment rate of return (net of administrative expenses), (b) projected salary increases of 4.00 percent a year, attributable to inflation, (c) additional projected salary increases ranging from 0.40 percent to 10.0 percent per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3.00 percent annually. The actuarial value of IMRF assets was determined using techniques that smooth the effect of short-term volatility in the market value of investments over a five-year period with a 15.00 percent corridor. The assumptions used for the 2007 actuarial valuation information were based on the 2002-2004-experience study.

Trend Information for IMRF

<u>Actuarial Valuation Date</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/2007	\$ 423,432	100%	\$ -
12/31/2006	433,021	100%	-
12/31/2005	359,456	100%	-

CITY OF GRANITE CITY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2008

NOTE 6. RETIREMENT AND PENSION FUND COMMITMENTS (Continued)

2. Police and Firemen Pension

a. Plan Description and Contributions Information

The Police Pension Plan covers police sworn personnel, which is a defined benefit single-employer pension plan. Although this is a single-employer pension plan, the defined benefits and employee and employer contributions levels are governed by Illinois Compiled Statutes (Chapter 40, Act 5, Article 3) and may be amended only by the Illinois legislature.

The City accounts for the plan as a pension trust fund. The City's payroll for employees covered by the Police Pension Plan for the year ended April 30, 2008 was \$3,328,974 out of a total payroll of \$13,677,771.

At April 30, 2008, the Police Pension Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	61
Current employees:	
Vested	26
Nonvested	<u>31</u>
Total	<u><u>118</u></u>

The Police Pension Plan provides retirement benefits as well as death and disability benefits. Employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive a monthly retirement benefit of one-half of the monthly salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The monthly pension shall be increased by one-twelfth of 2.5% of such salary for each additional month of service over 20 years up to 30 years to a maximum of 75% of such monthly salary. Employees with at least 8 years but less than 20 years of credited service may retire at or after age 60 and receive a reduced retirement benefit.

The monthly pension of a police officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3% of the original pension and 3% annually thereafter.

Covered employees are required to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plan as actuarially determined by an enrolled actuary. By the year 2033, the City's contributions must accumulate to the point where the past service cost for the Police Pension Plan is fully funded.

Fire-sworn the Firemen's Pension Plan covers personnel, which is defined benefit single-employer pension plan. Although this is a single-employer pension plan, the defined benefits and employee and employer contributions levels are mandated by Illinois Compiled Statutes (Chapter 40, Act 5, Article 4) and may be amended only by the Illinois legislature.

CITY OF GRANITE CITY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2008

NOTE 6. RETIREMENT AND PENSION FUND COMMITMENTS (Continued)

The City accounts for the plan as a pension trust fund. The City's payroll for employees covered by the Firemen's Pension Plan for the year ended April 30, 2008 was \$3,493,965 out of total payroll of \$13,677,771.

At April 30, 2008, the Firemen's Pension Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	59
Current Employees:	
Vested	30
Nonvested	<u>28</u>
Total	<u><u>117</u></u>

The following is a summary of the Firefighters' Pension Plan as provided for in the Illinois Compiled Statutes:

The Firemen's Pension Plan provides retirement benefits as well as death and disability benefits. Employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive a monthly retirement benefit of one-half of the monthly salary attached to the rank held in the fire service at the date of retirement. The monthly pension shall be increased by one-twelfth of 2.5% of such monthly salary for each additional month over 20 years of service up to 30 years to a maximum of 75% of such monthly salary. Employees with at least 10 years but less than 20 years of credited service may retire at or after age 60 and receive a reduced retirement benefit.

The monthly pension of a firefighter who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3% of the original pension and 3% annually thereafter.

Covered employees are required to contribute 9.455% of their base salary to the Firemen's Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts (not less than 8.045%) necessary to finance the plan as actuarially determined by an enrolled actuary. By the year 2033, the City's contributions must accumulate to the point where the past service cost for the Firemen's Pension Plan is fully funded.

b. Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed.

CITY OF GRANITE CITY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2008

NOTE 6. RETIREMENT AND PENSION FUND COMMITMENTS (Continued)

Method Used to Value Investments

Fixed-income and equity securities are reported at fair value in accordance with GASB 25. Investment income is recognized as earned. Gains and losses on sales and exchanges of fixed-income securities are recognized on the transaction date.

c. Annual Pension Cost and Net Pension Obligation

The City's annual pension cost and net pension obligation for the current year were as follows:

	<u>Police Pension</u>	<u>Firemen's Pension</u>
Annual Required Contribution	\$ 1,397,252	\$ 1,589,692
Interest on Net Pension Obligation	122,064	127,939
Annual Pension Cost	1,519,316	1,717,631
Contributions Made	639,127	945,872
Increase in Net Pension Obligation	880,189	771,759
Net Pension Obligation Beginning of Year	1,743,769	1,827,695
Net Pension Obligation End of Year	<u>\$ 2,623,958</u>	<u>\$ 2,599,454</u>

The annual required contribution for the current year was determined as part of the April 30, 2007 actuarial valuation using the entry age normal cost method. The actuarial assumptions included (a) 7.0% investment rate of return (net of administrative expenses) and (b) projected salary increases of 5.5% per year. Both (a) and (b) included an inflation component of 3.0%. The actuarial value of assets was determined using market values. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at April 30, 2007 was, 26.1699 years.

Three-Year Trend Information

	<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage Of APC Contributed</u>	<u>Net Pension Obligation</u>
Police Pension	4/30/2008	\$ 1,397,252	42.07%	\$ 2,623,958
	4/30/2007	1,303,754	48.89%	1,743,769
	4/30/2006	1,383,797	43.58%	1,006,976
Fire Pension	4/30/2008	1,589,692	55.07%	2,599,454
	4/30/2007	1,476,722	60.96%	1,827,695
	4/30/2006	1,235,697	30.64%	1,169,277

CITY OF GRANITE CITY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2008

NOTE 6. RETIREMENT AND PENSION FUND COMMITMENTS (Continued)

d. Concentration

The City has a concentration of 5% or more investments in the following organizations:

Police Pension:

Oakmark Fund	\$ 1,177,983
Longleaf Partners	1,031,502
Growth Fund of America	842,973
Harbor International Fund	895,838
U.S. Treasury Strips	1,365,820
U.S. Treasury Bonds	1,001,750
Government National Mortgage Association	845,206

Fire Pension:

UMB Money Market Fund	1,333,787
UMB Scout Small Cap Fund	1,199,105
Government National Mortgage Association	4,042,166
Federal Home Loan Bank	2,139,979

e. Legally Required Reserves

The City has the following legally required reserves:

Police Pension	\$ 16,161,243
Firemen Pension	18,782,756

NOTE 7. WASTEWATER TREATMENT PLANT ENTERPRISE FUND

Regionalization of Wastewater Treatment Plant

Pursuant to an intergovernmental cooperation agreement originally agreed to in April 1984 between the City; the Metro East Sanitary District; Madison County, Illinois; and the Village of Glen Carbon, Illinois, the Wastewater Treatment Plant began to accept and treat wastewater from the Lansdown Service Area of the Metro East Sanitary District, Madison County Special Service Area No. 1, and from the Village of Glen Carbon, Illinois. The participants have agreed to purchase wastewater treatment services from the City at rates and charges established by the Granite City Regional Treatment Board. The rates and charges are intended to allocate the cost of services provided to each participant based on percentage of flow and wastewater content, which will reduce the City's operation cost burden. Total revenue earned by the Wastewater Treatment Plant Enterprise Fund from the three regional participants for the year ended April 30, 2008 was \$2,178,366.

NOTE 8. TRANSFERS

Transfers are substantially for the purposes of subsidizing operating functions, funding capital projects and asset acquisitions, or maintaining debt service on a routine basis. Resources are accumulated in a fund to support and simplify the administration of various projects or programs.

NOTE 9. LINE ITEM EXPENDITURES IN EXCESS OF BUDGET

During the year ended April 30, 2008, the City's expenditures exceeded budgetary guidelines in several departmental and line item categories as indicated on the required supplementary schedules at pages 37 to 39.

CITY OF GRANITE CITY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2008

NOTE 10. CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2008 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental Activities</u>				
Capital Assets, not being Depreciated:				
Land & Construction in Process	\$ 9,048,458	\$ 4,414,901	\$ (159,193)	\$ 13,304,166
Capital Assets, being Depreciated:				
Buildings and Improvements	6,609,540	72,907	-	6,682,447
Equipment	5,171,642	442,477	(30,458)	5,583,661
Vehicles	4,341,083	262,898	(59,812)	4,544,169
Total Capital Assets being Depreciated	16,122,265	778,282	(90,270)	16,810,277
Less Accumulated Depreciation for:				
Buildings and Improvements	2,557,896	157,655	-	2,715,551
Equipment	3,378,850	285,119	(30,458)	3,633,511
Vehicles	3,801,505	242,538	(59,812)	3,984,231
Total Accumulated Depreciation	9,738,251	685,312	(90,270)	10,333,293
Total Capital Assets being Depreciated, Net	6,384,014	92,970	-	6,476,984
Governmental Activities Capital Assets, Net	\$ 15,432,472	\$ 4,507,871	\$ (159,193)	\$ 19,781,150
<u>Business-Type Activities</u>				
Capital Assets:				
Buildings	\$ 1,728,589	\$ -	\$ -	\$ 1,728,589
Treatment Facility	29,326,500	93,767	-	29,420,267
Equipment	1,363,693	209,763	-	1,573,456
Vehicles	1,134,497	88,392	-	1,222,889
Total Capital Assets	33,553,279	391,922	-	33,945,201
Less Accumulated Depreciation for:				
Buildings	1,623,515	8,099	-	1,631,614
Treatment Facility	16,501,032	517,923	-	17,018,955
Equipment	1,202,228	85,612	-	1,287,840
Vehicles	1,110,389	39,678	-	1,150,067
Total Accumulated Depreciation	20,437,164	651,312	-	21,088,476
Business-Type Activities Capital Assets, Net	\$ 13,116,115	\$ (259,390)	\$ -	\$ 12,856,725

Depreciation expense was charge to the various functions/programs of the City as follows:

<u>Governmental Activities:</u>	
General Government	\$ 157,492
Public Safety	363,730
Public Works	164,090
Total Depreciation Expense - Governmental Activities	\$ 685,312
<u>Business-Type Activities:</u>	
Wastewater Treatment Plant	\$ 651,312

CITY OF GRANITE CITY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2008

NOTE 11. LONG-TERM DEBT

The City was awarded a \$3,558,682 loan in July 1990 through the State of Illinois Environmental Protection Agency Water Pollution Control Revolving Fund. This loan financed a program of rehabilitation of Nameoki Area Sewers by means of cured-in-place linings inserted into sewer lines which were identified as being routinely below the water table and susceptible to infiltration and collapse. Payments are due semiannually on February 1 and August 1 through February 2012, including interest at 3.745%. The balance of the loan at April 30, 2008 is \$940,241.

The City was awarded a second loan of \$3,938,240 through the State of Illinois Environment Protection Agency Bureau of Water in August 2003. This loan financed the upgrade of the City's Regional Wastewater Treatment Facilities. Payments are due semiannually on January 27 and July 27 through January 2025, including interest at 2.50%. As of April 30, 2008, the balance outstanding on the loan was \$3,558,507.

The City entered into a lease purchase agreement with the Bank of Edwardsville for an ambulance in December 2007. The agreement was for \$97,500 and is to be repaid in 3 installments of \$32,500 plus interest at 4.74%. The balance of the loan at April 30, 2008 is \$65,000.

The City entered into a loan with the Illinois Department of Transportation (IDOT) to construct rail track in the new industrial park in May 1999. The loan of \$725,914 is to be repaid by twenty annual installments through May 24, 2019. The annual installments, including interest at 3.00%, are \$48,793. The balance of the loan at April 30, 2008 is \$451,462.

The City entered into a loan with Ford Motor Credit to purchase two police vehicles in December 2005. The loan of \$58,610 is to be repaid in three annual installments through December 7, 2008. The annual installments, including interest at 6.40%, are \$16,043. The balance of the loan at April 30, 2008 is \$15,078.

The City entered into a loan with Ford Motor Credit to purchase a truck for the sanitation department in August 2005. The loan of \$23,206 is to be repaid in three annual installments through August 2008. The annual installments, including interest at 6.15%, are \$6,331. The balance of the loan at April 30, 2008 is \$5,965.

The City entered into a loan with Ford Motor Credit to purchase three Ford Escapes for the Building and Zoning Department in August 2007. The loan of \$59,047 is to be repaid in three annual installments through August 2008. The annual installments, including interest at 6.15%, are \$16,108. The balance of the loan at April 30, 2008 is \$15,175.

The City entered into a loan with Ford Motor Credit to purchase four Ford Crown Victoria's for the Police Department in January 2007. The loan of \$100,366 is to be repaid in three annual installments through January 2009. The annual installments, including interest at 6.10%, are \$35,456. The balance of the loan at April 30, 2008 is \$33,417.

The City entered into a loan with Ford Motor Credit to purchase four Ford Crown Victoria's for the Police Department in January 2009. The loan of \$103,942 is to be repaid in three annual installments through January 2010. The annual installments, including interest at 5.6%, are \$36,551. The balance of the loan at April 30, 2008 is \$67,391.

The City entered into a lease purchase with Caterpillar Financial to purchase a paver, trailer and drum compactor for the Public Works Department in June 2006. The loan of \$318,208 is to be repaid in seven annual installments through June 2012. The annual installments, including interest at 5.385%, are \$52,914. The balance of the loan at April 30, 2008 is \$226,667.

CITY OF GRANITE CITY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2008

NOTE 11. LONG-TERM DEBT (Continued)

The annual requirements to retire the notes payable as of April 30, 2008 are as follows:

Fiscal Year Ended April 30	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 243,369	\$ 30,068	\$ 394,371	\$ 121,044
2010	113,816	22,500	407,102	108,314
2011	82,606	19,101	420,258	95,157
2012	86,161	15,544	433,858	81,560
2013	89,879	11,824	190,225	69,897
2014-2018	216,952	27,016	1,025,353	275,252
2019-2023	47,372	1,421	1,160,979	139,630
2024-2028	-	-	466,602	13,933
	<u>\$ 880,155</u>	<u>\$ 127,474</u>	<u>\$ 4,498,748</u>	<u>\$ 904,787</u>

The following is a summary of changes in long-term liabilities for the year ended April 30, 2008:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Government Activities:					
Bond and Notes Payable:					
Ford Motor Credit	\$ 135,215	\$ 103,942	\$ 102,131	\$ 137,026	\$ 102,413
IL Dept of Transportation	485,684	-	34,222	451,462	35,249
Caterpillar Financial	265,294	-	38,627	226,667	40,707
Bank of Edwardsville	-	97,500	32,500	65,000	65,000
Madison County	39,247	-	39,247	-	-
Total	<u>925,440</u>	<u>201,442</u>	<u>246,727</u>	<u>880,155</u>	<u>243,369</u>
Other Liabilities:					
Net Pension Obligation	3,571,464	1,651,948	-	5,223,412	-
Compensated Absences	<u>2,088,116</u>	<u>539,168</u>	<u>-</u>	<u>2,627,284</u>	<u>545,938</u>
Total Other Liabilities	<u>5,659,580</u>	<u>2,191,116</u>	<u>-</u>	<u>7,850,696</u>	<u>545,938</u>
Governmental Activities Long-Term Liabilities	<u>\$ 6,585,020</u>	<u>\$ 2,392,558</u>	<u>\$ 246,727</u>	<u>\$ 8,730,851</u>	<u>\$ 789,307</u>
Business-Type Activities:					
Notes Payable:					
IL EPA (1)	\$ 1,154,293	\$ -	\$ 214,052	\$ 940,241	\$ 222,143
IL EPA (2)	<u>3,726,509</u>	<u>-</u>	<u>168,002</u>	<u>3,558,507</u>	<u>172,228</u>
Total Notes Payable	<u>4,880,802</u>	<u>-</u>	<u>382,054</u>	<u>4,498,748</u>	<u>394,371</u>
Other Liabilities:					
Compensated Absences	<u>284,428</u>	<u>30,984</u>	<u>-</u>	<u>315,412</u>	<u>94,589</u>
Business-Type Activities Long-Term Liabilities	<u>\$ 5,165,230</u>	<u>\$ 30,984</u>	<u>\$ 382,054</u>	<u>\$ 4,814,160</u>	<u>\$ 488,960</u>

CITY OF GRANITE CITY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2008

NOTE 12. TAX INCREMENT FINANCING SPECIAL REVENUE FUND

On July 1, 1986, the City adopted and approved a Tax Increment Redevelopment Plan and Project and ordinances adopting Tax Increment Financing, aimed at financing, through incremental property and sales taxes, the public improvements of a plan to revitalize and develop a designated Redevelopment Project area in the City's Downtown Central Business District. On September 23, 1997, the City adopted and approved an Industrial Park Conservation Area Redevelopment Plan that also will use Tax Increment Financing to develop the project area along Route 3 as an industrial park. Four additional TIF Districts have also been formed that allows the incremental taxes to be returned to the business that generates the increment as a reimbursement for capital outlay until expiration of the TIF or a predetermined minimum dollar amount is reimbursed by the City.

In May of 2005, the Nameoki Village Tax Increment Financing District of the City issued a TIF Revenue Note, Series 2005 for \$700,000 and two Consumer Tax Revenue Notes, Series 2005 (Phase 1 for \$1,400,000 and Phase 2 for \$3,400,000). These notes were issued for the purpose of paying a portion of the costs of redevelopment projects in the Nameoki TIF and Business Districts. A portion, \$1,280,000, of the Consumer Tax Revenue Notes was retired by \$1,635,000 in Special Business District Sales Tax Revenue Bonds issued by the Southwestern Illinois Development Authority.

The TIF Revenue Note, Consumer Tax Revenue Notes and the Special Business District Sales Tax Revenue Bonds are payable solely from the incremental taxes or from other taxes generated by the development and are not an obligation of the City.

NOTE 13. CONDUIT DEBT OBLIGATIONS

During the year ended April 30, 2007, the City issued two Industrial Project Revenue Bonds to provide financial assistance to private sector entities for the acquisition and construction of facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. The bonds for the two projects are \$1,800,000 and \$2,650,000 respectively. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private sector entities served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

During the year ended April 30, 2006, the City issued \$1,000,000 of Industrial Project Revenue Bonds to provide financial assistance to a private-sector entity for the acquisition and construction of facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, these bonds are also not reported as liabilities in the accompanying financial statements.

NOTE 14. DEFICIT NET ASSETS

The City has deficit net assets in the Capital Projects Fund as of April 30, 2008 of \$21,760.

NOTE 15. SUBSEQUENT EVENT

In September 2008, the City issued Local Government Program Revenue Bonds totaling \$9,780,000. The bonds are payable from the incremental taxes of the Downtown Tax Increment Financing District bear interest of between 4.5% and 7.0% and mature in varying amounts from 2009 to 2022.

The proceeds of the bond are to be used to finance redevelopment projects in the Downtown Tax Increment Financing District including renovations of the Police and Fire Department, improvements to the youth center and YMCA and construction of a movie theater.

CITY OF GRANITE CITY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2008

NOTE 16. COMMITMENTS

A commitment under a lease agreement for the wastewater treatment plant provides for minimum annual rental payments as follows:

<u>Year</u> <u>Ending</u> <u>April 30,</u>	<u>Land</u> <u>Facilities</u>
2009	\$ 5,525
2010	5,525
2011	5,525
2012	5,525
2013	4,150
Total	<u>\$ 26,250</u>

NOTE 17. LEASE REVENUE

The City of Granite City leases certain properties to area businesses. These leases are non-cancelable operating leases. A summary of the leases is as follows:

<u>Location</u>	<u>Current</u> <u>Annual Payment</u>	<u>Expiration</u> <u>(Including Extensions)</u>
1509 Pontoon Road	\$ 42,000	October 2010
1801 State Strret	5,220	December 2009
Iowa & 24th Street	3,900	September 2010
2001 Madison Avenue	226,600	January 2060
Signage	1,600	June 2011

Minimum rentals on non-cancelable leases for the next five years are as follows:

<u>Year</u>	<u>Amount</u>
2009	\$ 237,320
2010	235,580
2011	229,825
2012	226,600
2013	226,600
Total	<u>\$ 1,155,925</u>

CITY OF GRANITE CITY, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS) - GENERAL FUND
FOR THE YEAR ENDED APRIL 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Favorable</u> <u>(Unfavorable)</u>
Receipts:				
Taxes	\$ 17,706,017	\$ 17,706,017	\$ 18,222,900	\$ 516,883
Intergovernmental Revenue (Grants)	1,435,000	1,435,000	680,728	(754,272)
Charges for Services	1,889,375	1,889,375	2,530,908	641,533
Licenses and Permits	995,070	995,070	661,410	(333,660)
Fines and Forfeits	224,450	224,450	137,598	(86,852)
Investment Earnings	255,000	255,000	276,682	21,682
Miscellaneous	34,300	34,300	301,751	267,451
Total Receipts	<u>22,539,212</u>	<u>22,539,212</u>	<u>22,811,977</u>	<u>272,765</u>
Disbursements				
Mayor	707,744	707,744	688,617	19,127
Alderman	136,472	136,472	126,204	10,268
Clerk	299,812	299,812	300,157	(345)
Treasurer	300,706	300,706	260,112	40,594
Informational Technology	240,033	240,033	240,105	(72)
Financial	2,495,557	2,495,557	1,612,136	883,421
Police	6,594,089	6,594,089	6,907,906	(313,817)
Fire	6,130,037	6,130,037	6,388,333	(258,296)
Public Works	3,938,199	3,938,199	3,974,594	(36,395)
Sanitation	271,659	271,659	268,856	2,803
Building & Zoning	757,811	757,811	788,352	(30,541)
Safety and Risk	129,268	129,268	166,017	(36,749)
Civil Defense	47,927	47,927	39,987	7,940
Capital Improvements	350,000	350,000	252,958	97,042
Total Disbursements	<u>22,399,314</u>	<u>22,399,314</u>	<u>22,014,334</u>	<u>384,980</u>
Excess of Receipts over Disbursements	<u>\$ 139,898</u>	<u>\$ 139,898</u>	797,643	<u>\$ 657,745</u>
Change in Intergovernmental Revenue on Modified Accrual Basis			(188,595)	
Change in Prepaid Insurance			(33,334)	
Change in Accrued Employee Obligations			(300,911)	
Change in Accounts Payable on Modified Accrual Basis			<u>(54,001)</u>	
As Reported on the Statement of Revenues, Expenditures and Changes in Fund Balance			<u>\$ 220,802</u>	

CITY OF GRANITE CITY, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
MOTOR FUEL TAX FUND
FOR THE YEAR ENDED APRIL 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Favorable</u> <u>(Unfavorable)</u>
Receipts:				
Intergovernmental:				
Motor Fuel Tax	\$ 913,240	\$ 913,240	\$ 878,159	\$ (35,081)
Grants	5,000,000	5,000,000	2,152,560	(2,847,440)
Investment Earnings	12,000	12,000	49,412	37,412
Total Receipts	<u>5,925,240</u>	<u>5,925,240</u>	<u>3,080,131</u>	<u>\$ (2,845,109)</u>
Disbursements				
Maintenance	400,000	400,000	720,481	(320,481)
Street Overlay Program	900,000	900,000	372,519	527,481
Engineering	50,000	50,000	59,124	(9,124)
Other Capital Projects	-	-	1,823,389	(1,823,389)
Pontoon Overpass	5,000,000	5,000,000	2,386,184	2,613,816
Total Disbursements	<u>6,350,000</u>	<u>6,350,000</u>	<u>5,361,697</u>	<u>988,303</u>
Excess (Deficit) of Receipts Over Disbursements	<u>\$ (424,760)</u>	<u>\$ (424,760)</u>	<u>(2,281,566)</u>	<u>\$ (1,856,806)</u>
Change in Motor Fuel Tax Receivable on Modified Accrual Basis			(4,306)	
Change in Grant Receivable on Modified Accrual Basis			1,764,945	
Change in Accounts Payable on Modified Accrual Basis			<u>(98,520)</u>	
As Reported on the Statement of Revenues, Expenditures and Changes in Fund Balance			<u>\$ (619,447)</u>	

CITY OF GRANITE CITY, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
TAX INCREMENT FINANCING FUND
FOR THE YEAR ENDED APRIL 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Favorable</u> <u>(Unfavorable)</u>
Receipts:				
Real Estate Taxes	\$ 1,050,000	\$ 1,050,000	\$ 1,132,549	\$ 82,549
Real Estate Taxes - GCS	833,000	833,000	877,221	44,221
Real Estate Taxes - AS	86,781	86,781	108,248	21,467
Real Estate Taxes - Rt 3	1,005,766	1,005,766	1,081,140	75,374
Real Estate Taxes - Nameoki	150,000	150,000	191,939	41,939
Real Estate Taxes - Port District	-	-	10,170	10,170
Sales Taxes	100,000	100,000	126,279	26,279
Rent	226,600	226,600	226,600	-
Investment Earnings	109,000	109,000	57,502	(51,498)
Other	11,400	11,400	137,113	125,713
Total Receipts	<u>3,572,547</u>	<u>3,572,547</u>	<u>3,948,761</u>	<u>376,214</u>
Disbursements				
Downtown TIF	1,366,250	1,366,250	3,129,832	(1,763,582)
Granite City Steel TIF	833,000	833,000	877,221	(44,221)
American Steel TIF	86,781	86,781	86,781	-
Route 3 TIF	836,250	836,250	606,858	229,392
Nameoki Village TIF	250,000	250,000	309,515	(59,515)
Port District TIF	-	-	2,235	(2,235)
Route 203 TIF	-	-	32,811	(32,811)
Total Disbursements	<u>3,372,281</u>	<u>3,372,281</u>	<u>5,045,253</u>	<u>(1,672,972)</u>
Excess (Deficit) of Receipts Over Disbursements	<u>\$ 200,266</u>	<u>\$ 200,266</u>	<u>(1,096,492)</u>	<u>\$ (1,296,758)</u>
Change in Revenue on Modified Accrual Basis			29,226	
Change in Accounts Payable on Modified Accrual Basis			(155,618)	
Change in Real Estate Investment			<u>523,058</u>	
As Reported on the Statement of Revenues, Expenditures and Changes in Fund Balance			<u>\$ (699,826)</u>	

CITY OF GRANITE CITY, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF POLICE AND FIREMEN'S PENSION
FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS
APRIL 30, 2008

	Fiscal Year Valuation					
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2001</u>
Police Pension:						
Actuarial Value of Assets	\$ 16,827,903	\$ 16,331,354	\$ 15,285,262	\$ 15,433,005	\$ 14,280,601	\$ 15,012,923
Actuarial Accrued Liability (AAL)	37,715,990	36,536,908	34,708,648	33,161,001	32,453,157	23,279,088
Unfunded AAL (UAAL)	20,888,087	20,205,554	19,423,386	17,727,996	18,172,556	8,266,165
Funded Ratio	44.62%	44.70%	44.04%	46.54%	44.00%	64.49%
Covered Payroll	2,961,777	2,741,223	2,699,133	2,651,481	2,781,163	2,663,559
UAAL as a % of Covered Payroll	705.26%	737.10%	719.62%	668.61%	653.42%	310.34%
Employer Contributions:						
Required	1,397,252	1,303,754	1,226,782	1,122,464	1,139,566	925,179
Made	651,823	648,523	380,903	375,833	386,296	1,250,583
Percentage of Employer Contributions						
Made to Required Contribution	46.65%	49.74%	31.05%	33.48%	33.90%	135.17%
Firemen's Pension:						
Actuarial Value of Assets	19,072,129	18,545,115	17,220,222	\$ 17,196,296	\$ 15,730,725	\$ 16,243,326
Actuarial Accrued Liability (AAL)	39,539,794	37,325,323	35,220,804	34,263,848	32,170,731	24,748,970
Unfunded AAL (UAAL)	20,467,665	18,780,208	18,000,582	17,067,552	16,440,006	8,505,644
Funded Ratio	48.24%	49.69%	48.89%	50.19%	48.90%	65.63%
Covered Payroll	3,126,964	2,924,371	2,733,551	2,764,386	2,781,766	2,639,790
UAAL as a % of Covered Payroll	654.55%	642.20%	658.51%	617.41%	590.99%	322.21%
Employer Contributions:						
Required	1,589,692	1,476,722	1,377,073	1,323,855	1,284,845	1,124,986
Made	923,550	962,443	627,457	600,141	597,866	1,479,909
Percentage of Employer Contributions						
Made to Required Contribution	58.10%	65.17%	45.56%	45.33%	46.53%	131.55%

Tax revenues based on the 2006 actuarial valuation were received in fiscal year 2007.

The 2002 actuarial was not used due to the State of Illinois providing the 2003 and 2002 actuarial valuation at the same time; thereby, eliminating the use of the 2002 actuarial valuation.

The actuarial valuations presented are prepared by the Illinois Department of Insurance using the following parameters:

Actuarial Cost Method:	Entry Age Normal Cost
Amortization Method:	Level Percentage of Payroll
Remaining Amortization Period:	26.1699
Asset Valuation Method:	Market
Actuarial Assumptions:	
Interest Rate	7.00%
Salary Progression	5.50%
Cost of Living Adjustments	3.00%

CITY OF GRANITE CITY, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF ILLINOIS MUNICIPAL RETIREMENT
FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS
APRIL 30, 2008

TREND INFORMATION

<u>Actuarial</u> <u>Valuation</u> <u>Date</u>	<u>Annual Pension</u> <u>Cost</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net Pension</u> <u>Obligation</u>
12/31/07	\$ 423,432	100%	\$ -
12/31/06	433,021	100%	-
12/31/05	359,456	100%	-
12/31/04	177,300	100%	-
12/31/03	136,872	100%	-
12/31/02	65,242	100%	-
12/31/01	61,411	100%	-
12/31/00	179,952	100%	-
12/31/99	312,222	100%	-
12/31/98	322,120	100%	-

<u>Actuarial</u> <u>Valuation</u> <u>Date</u>	<u>Actuarial</u> <u>Value of</u> <u>Assets</u> <u>(a)</u>	<u>Actuarial Accrued</u> <u>Liability</u> <u>(AAL)</u> <u>-Entry Age</u> <u>(b)</u>	<u>Unfunded</u> <u>AAL</u> <u>(UAAL)</u> <u>(b-a)</u>	<u>Funded</u> <u>Ratio</u> <u>(a/b)</u>	<u>Covered</u> <u>Payroll</u> <u>(c.)</u>	<u>UAAL as a</u> <u>Percentage</u> <u>of Covered</u> <u>Payroll</u> <u>((b-a)/c)</u>
12/31/07	\$ 16,217,347	\$ 15,472,923	\$ (744,424)	104.81%	\$ 5,449,581	0%
12/31/06	15,553,820	15,465,360	(88,460)	100.57%	5,339,347	0%
12/31/05	15,023,927	14,409,113	(614,814)	104.27%	4,550,082	0%
12/31/04	14,411,248	13,928,632	(482,616)	103.46%	4,443,600	0%
12/31/03	14,992,430	14,220,717	(771,713)	105.43%	4,472,941	0%
12/31/02	15,466,974	13,573,077	(1,893,897)	113.95%	4,468,700	0%
12/31/01	15,789,761	13,206,589	(2,583,172)	119.56%	4,835,549	0%
12/31/00	14,842,190	11,819,034	(3,023,156)	125.58%	4,498,811	0%
12/31/99	13,175,717	10,477,618	(2,698,099)	125.75%	4,174,108	0%
12/31/98	11,445,808	10,016,828	(1,428,980)	114.27%	3,909,221	0%

The actuarial valuations presented are prepared by the Illinois Municipal Retirement Fund using the following parameters:

On a market value basis, the actuarial value of assets as of December 31, 2007 is \$17,392,062. On a market basis, the funded ratio would be 112.4%.

Digest of Changes - The actuarial assumptions used to determine the actuarial accrued liability for 2007 are based on the 2002-2004 Experience Study. The principal changes were:

- The 1994 group annuity mortality implemented.
- For regular members, fewer normal and more early retirements are expected to occur.

CITY OF GRANITE CITY, ILLINOIS
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
APRIL 30, 2008

	<u>Special Revenue Funds</u>				<u>Total</u>
	<u>Drug</u>	<u>Community</u>	<u>Capital</u>	<u>Debt Service</u>	<u>Non-Major</u>
	<u>Traffic</u>	<u>Development</u>	<u>Projects</u>		<u>Governmental</u>
	<u>Prevention</u>				<u>Funds</u>
Cash and Cash Equivalents	\$ 83,179	\$ -	\$ 12,043	\$ -	\$ 95,222
Receivables:					
Intergovernmental	-	29,772	-	-	29,772
Due From Other Funds	-	-	10,484	-	10,484
Total Assets	\$ 83,179	\$ 29,772	\$ 22,527	\$ -	\$ 135,478
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	3,719	-	-	-	3,719
Due to Other Funds	1,000	29,772	44,287	-	75,059
Total Liabilities	4,719	29,772	44,287	-	78,778
Fund Balances:					
Unreserved	78,460	-	(21,760)	-	56,700
Total Fund Balances	78,460	-	(21,760)	-	56,700
Total Liabilities and Fund Balances	\$ 83,179	\$ 29,772	\$ 22,527	\$ -	\$ 135,478

CITY OF GRAFTON, ILLINOIS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED APRIL 30, 2008

	Special Revenue Funds				Capital Projects	Debt Service	Total Nonmajor Governmental Funds
	Drug Traffic Prevention	Community Development	Total				
Revenues:							
Intergovernmental	\$ 39,363	\$ 654,540	\$ 693,903	\$ -	-	\$ -	\$ 693,903
Fines and Forfeitures	65,539	-	65,539	-	-	-	65,539
Investment Earnings	2,598	-	2,598	445	-	-	3,043
Miscellaneous	6,160	-	6,160	-	-	-	6,160
Total Revenues	113,660	654,540	768,200	445	-	-	768,645
Expenditures:							
Public Safety	83,829	355,709	439,538	-	-	-	439,538
Public Works	-	298,831	298,831	-	-	-	298,831
Debt Service	-	-	-	-	-	283,941	283,941
Total Expenditures	83,829	654,540	738,369	-	-	283,941	1,022,310
Revenues Over (Under) Expenditures	29,831	-	29,831	445	-	(283,941)	(253,665)
Other Financing Sources:							
Operating Transfer In	-	-	-	-	-	283,941	283,941
Total other Financing Sources	-	-	-	-	-	283,941	283,941
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing	29,831	-	29,831	445	-	-	30,276
Fund Balances - Beginning	48,629	-	48,629	(22,205)	-	-	26,424
Fund Balance - Ending	\$ 78,460	\$ -	\$ 78,460	\$ (21,760)	\$ -	\$ -	\$ 56,700

CITY OF GRANITE CITY, ILLINOIS
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
APRIL 30, 2008

		<u>Pension Trust Funds</u>		
		<u>Police</u>	<u>Firemen</u>	<u>Total</u>
ASSETS				
Cash and Cash Equivalents		\$ 512,671	\$ 1,569,637	\$ 2,082,308
Investments		15,305,923	16,681,774	31,987,697
Receivables:				
Property Taxes		267,000	447,500	714,500
Accrued Interest		75,649	83,845	159,494
Total Assets		<u>16,161,243</u>	<u>18,782,756</u>	<u>34,943,999</u>
LIABILITIES				
Liabilities		-	-	-
Total Liabilities		<u>-</u>	<u>-</u>	<u>-</u>
NET ASSETS				
Held in Trust for Pension Benefits and Other Purposes		<u>\$ 16,161,243</u>	<u>\$ 18,782,756</u>	<u>\$ 34,943,999</u>

CITY OF GRANITE CITY, ILLINOIS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED APRIL 30, 2008

	<u>Pension Trust Funds</u>		
	<u>Police</u>	<u>Firemen</u>	<u>Total</u>
Additions:			
Investment Earnings:			
Investment Earnings:	\$ 544,672	\$ 1,164,455	\$ 1,709,127
Less: Investment Expense	(39,875)	(74,664)	(114,539)
Net Investment Earnings	504,797	1,089,791	1,594,588
Property Taxes	265,108	444,309	709,417
Replacement Taxes	386,715	479,241	865,956
Employee Contributions	328,855	323,672	652,527
Total Additions	1,485,475	2,337,013	3,822,488
Deductions:			
Benefit Payments	1,991,711	2,115,163	4,106,874
Contractual Services	15,461	18,934	34,395
Total Deductions	2,007,172	2,134,097	4,141,269
Change in Net Assets	(521,697)	202,916	(318,781)
Net Assets - Beginning	16,682,940	18,579,840	35,262,780
Net Assets - Ending	<u>\$ 16,161,243</u>	<u>\$ 18,782,756</u>	<u>\$ 34,943,999</u>

CITY OF GRANITE CITY, ILLINOIS
COMBINING BALANCE SHEET
TAX INCREMENT FINANCING FUNDS
APRIL 30, 2008

	<u>TIF</u> <u>District #1</u>	<u>TIF</u> <u>District #2</u>	<u>TIF</u> <u>District #3</u>	<u>TIF</u> <u>District #4</u>	<u>TIF</u> <u>District #5</u>	<u>TIF</u> <u>District #6</u>	<u>TIF</u> <u>District #7</u>	<u>Totals</u>
<u>Assets</u>								
Cash	\$ (215,777)	\$ 108,248	\$ -	\$ 898,767	\$ 7,435	\$ 8,373	\$ (32,811)	\$ 774,235
Receivables:								
Property Taxes	1,118,314	125,064	910,081	1,128,166	206,101	27,705	422	3,515,853
Intergovernmental Receivable	-	-	-	-	29,157	-	40,873	70,030
Development Loans	17,391	-	-	-	-	-	-	17,391
Accrued Interest	1,873	-	-	3,046	25	28	-	4,972
Due from Other Funds	-	-	-	-	2,760	-	-	2,760
Rental Real Estate Investment	2,667,631	-	-	-	-	-	-	2,667,631
General Real Estate Investment	1,093,042	-	-	-	-	-	-	1,169,929
Total Assets	<u>4,682,474</u>	<u>233,312</u>	<u>910,081</u>	<u>2,106,866</u>	<u>245,478</u>	<u>36,106</u>	<u>8,484</u>	<u>8,222,801</u>
<u>Liabilities and Fund Balance</u>								
Liabilities:								
Accounts Payable	65,041	-	-	340,888	-	-	11,383	417,312
Due to Other Funds	2,760	-	-	12,480	-	-	-	15,240
Due to Other Governments	-	-	-	-	2,760	-	-	2,760
Deferred Revenues:								
Property Taxes	1,118,314	125,064	910,081	1,128,166	206,101	27,705	422	3,515,853
Total Liabilities	<u>1,186,115</u>	<u>125,064</u>	<u>910,081</u>	<u>1,481,534</u>	<u>208,861</u>	<u>27,705</u>	<u>11,805</u>	<u>3,951,165</u>
Fund Balance:								
Unreserved:								
Designated for Redevelopment	3,496,359	108,248	-	625,332	36,617	8,401	(3,321)	4,271,636
Total Fund Balance	<u>3,496,359</u>	<u>108,248</u>	<u>-</u>	<u>625,332</u>	<u>36,617</u>	<u>8,401</u>	<u>(3,321)</u>	<u>4,271,636</u>
Total Liabilities and Fund Balance	<u>\$ 4,682,474</u>	<u>\$ 233,312</u>	<u>\$ 910,081</u>	<u>\$ 2,106,866</u>	<u>\$ 245,478</u>	<u>\$ 36,106</u>	<u>\$ 8,484</u>	<u>\$ 8,222,801</u>

CITY OF GRANITE CITY, ILLINOIS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
TAX INCREMENT FINANCING FUNDS
FOR THE FISCAL YEAR ENDED APRIL 30, 2008

	TIF District #1	TIF District #2	TIF District #3	TIF District #4	TIF District #5	TIF District #6	TIF District #7	Totals
<u>Revenues:</u>								
Property Taxes	\$ 1,132,549	\$ 108,248	\$ 877,221	\$ 1,081,140	\$ 191,939	\$ 10,170	\$ -	\$ 3,401,267
Intergovernmental	3,831	-	-	-	118,838	-	40,873	163,542
Investment Earnings	15,352	-	-	40,534	4,175	542	-	60,603
Miscellaneous	230,036	-	-	122,539	-	-	-	352,575
Total Revenues	<u>1,381,768</u>	<u>108,248</u>	<u>877,221</u>	<u>1,244,213</u>	<u>314,952</u>	<u>10,712</u>	<u>40,873</u>	<u>3,977,987</u>
<u>Expenditures:</u>								
General Government	588,344	86,781	877,221	773,837	309,515	2,235	44,194	2,682,127
Public Works	354,353	-	-	-	-	-	-	354,353
Capital Outlay	1,555,435	-	-	-	-	-	-	1,555,435
Total Expenditures	<u>2,498,132</u>	<u>86,781</u>	<u>877,221</u>	<u>773,837</u>	<u>309,515</u>	<u>2,235</u>	<u>44,194</u>	<u>4,591,915</u>
Excess of Revenues over Expenditures	(1,116,364)	21,467	-	470,376	5,437	8,477	(3,321)	(613,928)
Other Financing Sources (Uses):								
Operating Transfers From (To) other Funds	-	-	-	(85,898)	-	-	-	(85,898)
Total Other Financing Sources (Uses)	-	-	-	(85,898)	-	-	-	(85,898)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,116,364)	21,467	-	384,478	5,437	8,477	(3,321)	(699,826)
Fund Balance - Beginning	<u>4,612,723</u>	<u>86,781</u>	<u>-</u>	<u>240,854</u>	<u>31,180</u>	<u>(76)</u>	<u>-</u>	<u>4,971,462</u>
Fund Balance (Deficit) - Ending	<u>\$ 3,496,359</u>	<u>\$ 108,248</u>	<u>\$ -</u>	<u>\$ 625,332</u>	<u>\$ 36,617</u>	<u>\$ 8,401</u>	<u>\$ (3,321)</u>	<u>\$ 4,271,636</u>

Hughes & Associates

Certified Public Accountants, P.C.

1321 D'Adrian Professional Park
Godfrey, IL 62035

618-466-6278
Fax 618-466-8663

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH TAX INCREMENT FINANCING ACT

To the Honorable Mayor and
City Council of the City of
Granite City, Illinois

We have audited the basic financial statements of the City of Granite City, Illinois for the year ended April 30, 2008, and have issued our report thereon dated October 31, 2008. The financial statements are the responsibility of the City of Granite City, Illinois' management. Our responsibility is to express an opinion on the financial statements based on our audit.

Our audit was made in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The management of the City of Granite City, Illinois is responsible for the government's compliance with laws and regulations. In connection with our audit, referred to above, we selected and tested transactions and records to determine the government's compliance with State of Illinois Public Act 85-1142, "An Act in Relation to Tax Increment Financing".

The results of our tests indicate that for the items tested, the City of Granite City, Illinois, complied with Subsection (q) of Section 11-74.4-3 of Public Act 85-1142. Nothing came to our attention that caused us to believe that, for the items not tested, the City of Granite City, Illinois was not in compliance with Subsection (q) of Section 11-74.4-3 of Public Act 85-1142.

This report is intended solely for the information and use of management, others within the organization, the City Council and the Illinois Department of Revenue and is not intended to be and should not be used by anyone other than these specified parties.

Hughes & Associates, CPA, P.C.

Hughes & Associates, CPA, P.C.
October 31, 2008